

Lloyds tsb a retail bank in the uk marketing essay

[Finance](#), [Banks](#)



Lloyds TSB is a retail bank in the U Kingdom. It was started in year 1995 by the merger of Lloyds Bank. Lloyds TSB has an wide network of branches and cash machines across United Kingdom and offers 24-hour telephone and online banking services. Now it has 16 million customers, and business accounts.

Lloyds TSB Vision:

The vision Lloyds TSB is to be the one of best financial services bank in the UK. Lloyds TSB is well known for the customer relationships. Lloyds TSB is mainly focused on the customer satisfaction and their interest's better than any other competitors.

Lloyds TSB Mission Statement:

“ To make Lloyds TSB the best company in the financial services industry - a great place for staff to work and a great place for customers to do business.”

(Sir Win Bischoff, Chairman)

Lloyds TSB Goals:

Growing Lloyds TSB as the Number one position in the banking sector.

Attracting the customers with new policy's.

Increasing the customer of the bank.

Lloyds TSB Objectives:

Developing a good customer relationship between the customers.

Increase customer service in order to meet customer needs.

Improving services and quality according to the competitors.

Lloyds TSB Strategies in year 2005:

“ Strategy is a broad based formula for how business is going to compete, what its goals should be and what polices will be needed to carry out those goals. The essence of formulating competitive strategy is relating a company to its environment.”

In 2003 they developed customer relationship programmes to deliver higher revenues per customer in the retail market and according to their press releases this strategy seems to be working “ Our customer satisfaction scores hit record highs in 2005, again reflecting the improvement programmes established over the last couple of years, and we will continue to drive further improvements as we seek to differentiate our service performance against that of our Competitors.”[1]

Lloyds TSB say they are “ committed to achieving top performance in both effectiveness and efficiency. Effectiveness is the ability to recruit, develop and retain loyal customers who think of us first for their next financial services need. Efficiency is the ability to provide service and sales at a lower cost so that we can give our customers better value. We believe that in order to achieve our goal we must be customer rather than product centric.”[2]

“ Target customer current account recruitment increased by 28 per cent, compared with 2004.”[3]

Producing new offers to the customers.

Providing new services and adding quality to the existing products.

In order to compete with the existing competitors Lloyds TSB providing internet banking service in order to become a high performance organisation

Lloyds TSB uses Flawless execution that mainly develops relationships with customers.

Identifying the customer needs and solving their problems by using advanced technologies.

Critical Evaluation & Strategic Analysis:

Melville, N. et al. (2004) defined the value of information technology in the organizations as “ the organizational performance impacts of information technology at both the intermediate process level and the organization-wide level, and comprising both efficiency impacts and competitive impacts.” If the information technology has been utilized efficiently.

It will add value to the organization itself. Brooks, B (2003) suggested that

“ adding value to the business meant extending the ranger of products; reducing

the cost; improving the quality of the services and products and so on”.

There are a lot of ways for the organizations to choose to add value for themselves; but it seems that IT strategy has been widely used in the modern business environment.

The strategy plan established for Lloyds TSB has been created after undertaking a thorough analysis of the business and the environment.

The strategic plan that implemented by the organisation can move forward with a sense of direction, purpose and urgency. The strategic plan implemented by the TSB exists to achieve some degree of sustainable competitive advantage.

Strategic planning as suggested by (Robson 1997) highlights that “ strategic planning turns a organisations vision into concrete achievable. It describes the initiatives that will achieve the vision in ways deemed consistent with the organisation, its assumed market and the competitive environment.”

“ Strategy plan plays an important in developing the organisation and also it involve in the creation of new and lasting competitive advantages and the development of new products and services. “ It is important whilst strategy making that innovation and dynamism is concurrently endeavoured” for as suggested by (Porter 1987)

The strategy plan Lloyds TSB is to achieve their vision followed by their mission and goals. The goals specifies how the organisation will get back in to the market leadership. The vision of the organisation will improve the innovation and dynamic approaches towards the market. All the strategies that are implemented by the Lloyds TSB are to tackle the complex situations. How ever all these strategies that developed by the Lloyds TSB are to remain the competition in the financial market.

Appendix 1

Table 1 – ROE and P/E of UK retail Banks:

Recent Return on Equity (ROE) and Price Earnings Ratio (P/E) figures comparing Lloyds against RBS and two of the other top 4 UK retail banks shows:

“ U. K. Bank TTM Ratios

ROE

P/E*

Lloyds TSB Group plc

22. 1

13. 9

HSBC Holdings plc (NYSE: HBC)

15. 9

16. 9

Barclays plc (NYSE: BCS)

18. 8

14. 6

Royal Bank of Scotland

13. 0

12. 4

*Data provided by Capital IQ, a division of Standard & Poor's. P/E numbers reported on a normalized basis to adjust for the impact of extraordinary items"[4]

Table 2 – CAPM of top 5 UK Retail Banks:

Bank

Beta

Rf

Rm

CAPM

Equity Market Value

HBOS

0. 9355

4. 43%

7. 5%

7. 30%

£38. 88bn

HSBC

0. 6485

4. 43%

7. 5%

6. 42%

£111. 82bn

Lloyds TSB

0. 9694

4. 43%

7. 5%

7. 40%

£30. 14bn

Barclays

1. 1525

4. 43%

7. 5%

7. 97%

£43. 23bn

Alliance & Leicester

0. 6556

4. 43%

7. 5%

6. 44%

£4. 92bn

RBS

0. 8669

4. 43%

7. 5%

7. 09%

£59. 07bn

$R_f = 4.43\%$ currently for Treasury Bills, $R_m = 7.5\%$ currently for FTSE 100 return.

I have chosen to use the FTSE 100 rate of return because all 6 companies are listed as being in the top ten largest listed UK companies by equity market value and should therefore give a more accurate CAPM figure.

Table 3 – Earnings Per Share (EPS) in pence:**Bank****2004****2003****2002****2001****% Change**

HBOS

78. 1

63. 6

50. 6

46. 4

68. 3%

HSBC

0. 84

0. 67

0. 59

0. 76

10. 53%

Lloyds TSB

43. 3

58. 3

32

45. 2

â^4. 39%

Barclays

51. 2

42. 3

33. 7

36. 8

39. 13%

Alliance & Leicester

95. 8

79

68

57

68.07%

RBS

138

79

68.4

67.6

104.14%

Appendix 2

Figure 1 – FTSE 100 V Financial Services over past 5 Years:

5

Figure 2 – New companies by business sector:

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Figure 3 – Kaplan and Norton's Balanced Scorecard:

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Appendix 3

Figure 4 – UK Premium and Packaged Accounts Market Share:

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Figure 5 – UK Debit Card Market Share 2005:

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Figure 6 – UK Credit Card Market Share 2005:

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Figure 7 – UK top 5 Secured Personal Loan Providers 2005:

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Figure 8 – UK Top 9 Unsecured Personal Loan Providers 2005:

12

Information system in Lloyds TSB:

Information System in different departments:

Transaction Processing System:

In every banking sector we need store the data , modify the data, and we retrieve the data of the transactions. For this we use TPS (Transaction processing System) it generates and retrieve the transaction of organization .

Customer Identification:

In every banking sector we need the customer authentication (customer identification) , in Lloyds TSB they use NADRA which is attached with viruses . when the enter the details of him it directly enter into the NADRA to verify the customer ID. So that the Management will identify the original ID cards. By this we totally control the fake accounts holders. When the client enter the details of the account it will directly send to the NADRA their the account details are checked with the bank details if it is correct then the account is opened other wise it is closed.

Input

(ID #)

Viruses

Management

HUB

NADRA

(customer identification)

Employees Record :

In Lloyds TSB the Management will maintain exact details of the employees . they use information system in every where they introduced BIO-metric system in every bank's to maintain the exact details of the employee this will increase the efficiency of an employee. Every Lloyds TSB employee should login with the biometric device so that the details of the employee is stored HUB. And logout on leaving this should be done only by tracing with their thumb impressions on biometric device.

Employee Job Login

Biometric Device

HUB

Employee Job Logout

Real time Banking:

In the present situation time plays a major role. If any customer wants to transfer the funds to another account immediately, he should not waste the time.

For that the Lloyds TSB maintain real time banking with that real time banking the customer can transfer their funds to any other accounts within seconds. Here the TCB maintains the LN. The new transaction is sent to the LN. Through LN it will send to the HUB where the updates are made and the updates will be done.

In the present scenario no client is ready to waste their time so, the TSB offering a fast real time online banking system.

New Transactions,

Updates

LN

HUB

Updated

Online Complains:

Customers are the main visitors of the banking sector. Lloyds TSB allows the customer to send their complains online. If any customer is not satisfied with the TSB, the TSB offering a privilege to the customer so that they can send online complains. what the customer need to do is he has to fill the online complain form which is send to the TPS, that is linked with the Management their the management can identify the problem and it is send to concerned department their it is resolved.

And the solution is send back to the customer. It all happen with massive using of information .

Customer Queries

Customer Service TPS

Identify Problem

Send to Concerned Dept.

Advices:

The information system is very much used in the Lloyds TSB, TSB uses record of all the customer's in the server and it will send messages regularly to the customers when they had transactions . If any customer is short off

balance then the system automatically alert the massege to the customer and as well as management so that the management can take manual action like send letter or mail to the customer.

Customer Service TPS

Account

Alert

Management

HUB

Advices Send to Customer

Account Opening:

To open the account the Lloyds TSB maintain the TPS which maintain the hub contains of all the data of an account holder and the information about the account holder. Customer has to give his personal details such as passport number, NI number, Date of birth etc.

What ever the information given by the customer the information is send to viruses and Account department . so, that the details are send to the customer service TPS and HUB . then customer account is opened

Applicant

Identification

Viruses

A/C Dept.

Customer Service TPS

HUB

New A/C Opened

Online Activity

Online banking is done with in the same bank or different organization.

Suppose a customer need to transfer the funds to another customer then the customer as to enter branch code, sort code and account number and the amount you need to transfer. Then this information is send to the server (HUB), Then the information is checked in the server then the fund is transferred to the branch

Customer

Customer Service TPS

HUB

A/C Dept

Fund Trnsfr to Concerned Branch

ATM Card

After registering in to the account the customer details are stored in the hub. When the customer requested for the ATM the details of customer is checked in the HUB and then the card is issued. Lloyds TSB will provide many ATM

machines for easy access of the customer. It just asks the ATM card then after it we have to enter the Pin number the pin number is send to the HUB their the pin is checked with the card and the details then money is taken from the machine.

Applicant

Identification

Virses

A/C Dept.

Customer Service TPS

HUB

New A/C Opened

ATM Issued

MANGEMENT OVERVIEW:

How the Management In Lloyds TSB is divided we can see

Firstly we have an CEO,(Sir Win Bischoff, Chairman) and to the CEO we have an executive directors and all the executive directors are maintains regional managers, all these regional managers will maintains the branch managers under the branch managers we can see the field offecers

CEO

Executive Directors

Field officer & employee's

Regional Managers

Regional Managers

Regional Managers

Branch Managers

Branch Managers

Branch Managers

Branch Managers

Branch Managers

Branch Managers

Business process model's:

Value Chain Model

Secondary Activities

Inbound logistics

Services

Operations

Sales

Organization value Chain

Computerized Ordering System

Technology Development

HRM

Workforce Planning System

Administration and Management

R & D System

Primary Activities

Outbound logistics

Analysis of Lloyds TSB with Value chain :

We are considering bank sector as an organisation in this sector we commonly see the operations a lot because this is banking sector we need more consideration on the operations . We have less inbound logistics. We mainly use software operations more. The information system is used more in the banking sector. The banking sector uses Online banking, ATM machine's which we use information system .

Inbound logistics : The inbound logistics specify the building area, where the business going to start? what are the safety measures we have to take?

What is cost of the area we selected? These all come under Inbound Logistics.

Operations: The banking sector has to do much part with the operations. Information system is highly used in the operation part. Everything the data of the customer has to enter in the HUB. so, the IS is much used in the operation part

Outbound Logistics: the outbound logistics include the output of the bank. Here the bank sector include the their customer as their output .

Sales: every organisation wants to improve their sales. The Lloyds TSB increases their sales by adding the customer's to them. For that the TSB follows many strategies , With using the advanced technology's the Lloyds TSB is good at attracting their customer's.

Services: The services is the part of every organisation . Lloyds TSB give more benefits TSB maintain a good relation ship between the customer's . It will give extra benefits to the customer It offers different card ' s like silver, gold, platinum etc . It also give incurrence like mobile incurrence, car break down etc.

Porter's Five Force Model

Analysis of Lloyds TSB with Porters 5 force Model :

Threat of New Entrants:

Orders from the Government

(" Financial Services Authority & The British Bankers Association")

The organisation's that which invest high capital investment, are some of the threats

When the market is good then there is a possible to enter the new entrants .

As can be seen above, the entry barriers in place for the financial services industry are low. When entry barriers are low, new firms can freely enter the industry, which increase rivalry and depletes profits as suggested by (Robson, 1997)

Bargaining Power of Customer:

Missing the customer relationship.

(“ Customers are seen to bank with several banks, hold different financial products with different financial service providers.”)

Customers can change their account depending on the bank’s what they offer interest rate. (“ Customers are no longer tied into accounts or agreements for a long period of time”)

Maximum of the customers are very Money minded.

(“ This is through the availability of interest free credit cards/reduced rate loans/competitive savings rates”)

The Customers can easily get the account detail’s and the bank statements (“ Information technology has enabled this; loan rates/ credit cards can be searched and compared online offering the best product to the customer with little effort”)

Customers want to get more service from the bank.

Bargaining Power of Supplier:

The interest rate is announced by the Bank Of England Monetary Policy Committee (MPC) present moment the interest rates are on hold at 4%.

The final rate influence financial services products.

Substitute Products:

We see Product differential is every where in the financial services industry

Examples of product differentiated can be seen below:

Increased number of Credit Unions in the form of credit cards/store cards.

An example is here, Marks & Spencer who now offer a store card and a credit card to customers along with reduced personal loan rate.

The above model, as suggested by (Porter, 1985) largely determined the type and level of competition within the financial services industry.

Analysis of Lloyds TSB with SWOT analysis :

A SWOT analysis is used to analysis the internal and external environments of the organisation. In case of Lloyds TSB. Com. We can identify the Lloyds TSB strengths, weaknesses, opportunities and threats.

It is suggested by (Harrison, St John 1998) that the results from this situation analysis may form the basis for developing missions, goals and strategies.

Figure below highlights the SWOT Matrix

SWOT Analysis

Internal Factors

Strengths

Opportunities

Weaknesses

Opportunities

Weaknesses

Strengths

Threats

Threats

External Factors

Figure

SWOT Matrix

Strengths:

Lloyds TSB is the Europe's 4th largest retail bank

Lloyds TSB is Britain's 8th largest banking sector based on market capitalisation

Lloyds TSB has very strong branch network of 2300

Lloyds TSB had more than 16 million customers

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Lloyds TSB has good brand recognition

Lloyds TSB will Provide Mortgages, Insurances, investments and it provides a full range of financial service

Lloyds TSB will Provide a full functional internet banking for both personal customers and business customers

Lloyds TSB will update the customers with new schemes through :
telephony/internet

Lloyds TSB New changes has been made in the online banking, that as been expected by customers rapidly.

Opportunities:

We can increase the online banking customers

We can increase the number of premier customers

By increasing the amount of wholesale market

Increasing the brand recognition .

Managing more number of customers in the financial affairs

Cross sell (“ As a range of products exist therefore take advantage of the strong brand name”)

Example: Foreign Currency combination with Travel Insurance Mortgages
combination with Life Insurance Home Insurance combination with Home
Utilities

Weaknesses:

Not maintaining stable Interest rates/this is due to inflation & base rate

Cross publicity related to the Scottish Widows(Part of LTSB) Policy's

Due to problems in security, privacy and reliability the internet banking updates every time.

Threats:

Entering the new banks specifying only internet banking(unconventional banks)

The new retail marketing industries have entering in to the banking sector such as Sainsbury's supermarket, Marks & Spencer, Tesco Supermarket.

Missing the customer loyalty

Financial banking sector industry is too slow down for the next two years, this will have effect on Lloyds TSB

The significance of the SWOT analysis undertaken above is to use the existing business strengths to exploit opportunities, to create new opportunities, to counteract threats and repair any weaknesses as suggested by (Robson 1997)

CONCLUSION

" A management information system is a system or process that provides the information necessary to manage an organization effectively"(Richard 1895).

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This essay discusses all the activities that the Management Information System performs in our selected organization "Lloyds TSB Bank".

SUGGESTION

Lloyds TSB is using the Information System very efficiently and increasing, but still there are many things that should be improved.

With the increase of technology, the bank should update the IS up-to-date for providing the best services to the customer..

In the Online banking system security should be increased.